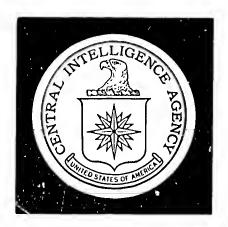




CIA-RDP85T00875R001500020

Secret

25X1



DIRECTORATE OF INTELLIGENCE

WEEKLY SUMMARY Special Report

Hungary's Tenth Party Congress Will Expand Reforms

DSB FILE COPY RETURN TO 1E-81

Secret

Nº 683

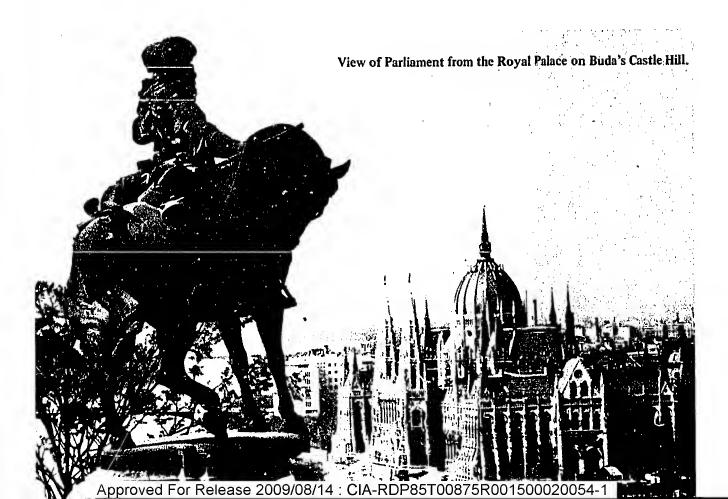
6 November 1970 No. 0395/70A



HUNGARY'S TENTH PARTY CONGRESS WILL EXPAND REFORMS

During his 14-year tenure as Communist party first secretary, Janos Kadar has worked out a uniquely successful system of gradual reform predicated on cautious pragmatism and ideological flexibility. Kadar bases his domestic rule on a shrewd economic policy that emphasizes relatively wide availability of consumer goods while avoiding excessive foreign debt and inflation. He has introduced a reform of the economic system in many ways similar to Ota Sik's aborted plan for Czechoslovakia. The economic reform has not caused major political or economic disruptions and has laid the groundwork for badly needed political reforms. At the tenth party congress opening on 23 November, the Hungarian leaders intend to set the parameters for a precedent-setting, political modernization program intended to reverse the current inefficient centralization of authority in Budapest, to raise the present extremely low level of popular identification with the system, and further to weaken the vestiges of Stalinism. The modest "social democratization" program proposed is to be brought about by institutional changes, the first since the reconstruction era immediately following the 1956 revolt.

Although the specific measures envisioned are not likely to cause domestic upheavals, some of Kadar's more conservative allies in the USSR and East Germany may see the program as a threat to the post-Dubcek status quo in Eastern Europe. At the same time, however, moderate Communists throughout the area will be watching the Hungarian experiment for potential leads on solving similar problems. In the end, Kadar's prestige, his skills at judicious compromise, and his success in maintaining order in Hungary, should help him avoid any serious difficulties.



The "Kadar Era": Successes and Failures

Kadar's reign, begun amid the rubble of postrevolt Budapest, set off a grim authoritarian tack. Behind the scenes Kadar was waging a bitter struggle with the remnants of the party's Stalinist wing, and only with the firm support of Nikita Khrushchev was he able to gain mastery over the party in the early 1960s. Kadar then embarked on a program of "national reconciliation," whose growth he nursed consistently if gradually. This program even survived the fall of Khrushchev, and Kadar emerged late in the decade as the Warsaw Pact's most successful reformist leader.

Kadar's accomplishments are remarkable even when taken out of the context of the post-revolt years. He has established a modus vivendi with the nation's creative intelligentsia unparalleled in the Soviet orbit of influence, done away with coercion as a primary means of control, drastically reduced the traditional subjugation of peasantry to the urban class, successfully launched one of the most liberal economic reforms ever introduced in the Soviet orbit of influence, and refurbished the country's international reputation.

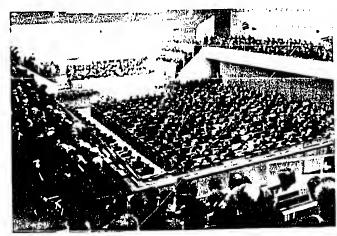
Despite conspicuous successes, there have been galling failures. Kadar's reform has been rigidly controlled, and consequently there has been no mass public identification with the system. His distrust of grass-roots spontaneity and his seeming alacrity in following Moscow's lead in foreign affairs have also diluted the effectiveness of his leadership of the independent-minded and highly nationalistic Magyars. Moreover, his failure to deal conclusively with the legacy of Stalinist terror and postrevolt repression still prejudices his relations with key segments of society. He has been most successful in reaching the population through the judicious use of material incentives, but this tactic also has had negative side effects; it has produced a cynical and materialistic public mood that has infected even members of the party.

To Kadar, who has publicly admitted his desire to unify the nation regardless of ideological differences of opinion, these failures are most disturbing. Refusing easy paths, however, he forswears the use of nationalist demagoguery, which he considers caused national ruin in two world wars and sparked the revolt of 1956. He predicates his policies on close ties with the USSR, even though such a policy limits his options in developing corrective programs. He has taken the difficult political course of turning the basic Soviet institutional model into one suitable for Hungary, which at the same time is acceptable to the USSR.

Economic Reform, the First Link in the Chain

At the eighth party congress in 1962, Kadar brought economic specialists, headed by party secretary Rezso Nyers, into the leadership. Armed with hard evidence and professional projections, the economists warned that without a drastic restructuring of the economic system, stagnation and possibly even reverses were to be expected by the mid-1970s.

The problem of posing alternatives to the Soviet economic model was eased by



Hungarian Ninth Party Congress convenes, 26 November 1966.

Special Report

- 2 -

25X1

Khrushchev's toleration of economic experiments in the USSR. The participation of Hungary's most capable economists in this study, irrespective of their standing within the party, ensured a thorough hearing for national interests. After three years of detailed research into shortcomings, projected needs, and possible solutions, the findings and recommendations were adopted at the ninth party congress in 1966, and, after further polishing, were introduced as the New Economic Mechanism (NEM) on 1 January 1968.

The NEM's basic strategy, built around a break with the rigid centralization of authority in the economy, involved the introduction of the profit motive as a factor in economic life. Central Planning was to be limited to setting general nationwide guidelines, and the central ministries' role in directing the everyday operations of local enterprises was consequently restricted. Local factory management received considerable authority over its own financial and production problems, and there was also a counterbalancing increase in authority of local trade union organizations to protect workers' interests against abuses by managers in pursuit of profits. Various other rationalization measures were introduced, including a more flexible price system designed to allow market forces to have some effect on the economy and the granting of authority to some factories to deal directly with foreign firms. Even while the economic reforms were being effected, party experts admitted that they were linked with the need for eventual political changes, saying that it was as desirable to free the political as the economic system from the pervasive grip of central authority.

Intervention in Czechoslovakia; Eddies in Hungary

The turmoil accompanying the "Prague spring" in 1968 and military intervention in Czechoslovakia later that summer had the unexpected side effect of accelerating the Hungarian party's political reform program.

The intervention, in which Hungary reluctantly participated, came as a deep shock to the nation. Kadar sought to dissociate himself from it by dropping from public view for six weeks. Public concern about Kadar's safety became linked with fears of a resurgence of conservativism throughout Eastern Europe, and for the first time there was a palpable mass identification with a Communist leader in postrevolt Hungary.

Beyond this increase in Kadar's personal popularity, there was another important turn in Hungary's history. The Hungarians behaved themselves. Ulbricht, Brezhnev, and Gomulka were faced in 1968 with student protests and mass disaffection on the part of intellectuals, but the Hungarians by and large remained quiescent. This demonstration of self-control in a critical period marked a high point in Kadar's efforts to establish stability among the "eternal rebels on the Danube"* and presented the regime with a unique opportunity for starting new programs.

Kadar announced his political reform program in early March 1969 during the virulent anti-Dubcek propaganda campaign taking place elsewhere in the area following the "hockey riots," in February. Kadar's public commitment to political reforms and his decision to buck the conservative tide that was building in Eastern Europe were widely recognized as demonstrations of personal courage, especially because most Hungarians had despaired of such boldness on the part of the national leadership. Kadar utilized the hypersensitive atmosphere of the crisis period in Czechoslovakia to make a rare, direct appeal to the Hungarian nation for support. He contended that gradual reform was "the only possible way" of building socialism in Hungary.

The announcement was made to a highly unusual convention of the party central committee, national assembly, regional party leaders, and heads of the party's national front. Before the meeting, Kadar and his most trusted advisers

*Khrushchev's description of the Hungarians after the 1956 revolt.

Special Report

-3-

made the rounds of cultural groups, editorial offices, and factories, explaining their decision and the need for continued public order. As if to emphasize the intention to bury the past, on the day following this meeting, the regime held a public honorarium for former premier Laszlo Rajk, the nation's best-known victim of Stalinist terror.

Such an essentially nationalistic gesture, however, has not been, and probably will not be, a main feature of Kadar's reform strategy He has since relied mainly on private personal diplomacy among key groups (students, intellectuals, and workers). Whether openly or not, however, the "Hungarian way" is based on an inherent appeal to the receptively nationalistic population.

Reform Under Soviet Scrutiny

One of Kadar's primary concerns has been the retention of the Kremlin's military, economic, and political support. In return for leeway in domestic affairs, Kadar has generally offered to Moscow his support—although often not whole-hearted—of Soviet foreign-policy objectives, and a seeming stability in Hungary. The means of providing stability had been largely left to Kadar until 1968, when Czechoslovakia and the Hungarian economic reform brought more detailed Soviet scrutiny.

During the six months after the announcement of March 1969 that Hungary intended to initiate political reforms, an unusually heavy stream of Hungarian party "study" delegations beat a path between Moscow and Budapest. No details of the discussions are available, but it is almost certain that Moscow probed the Hungarian programs and intentions in detail. The Soviets had already registered suspicion of the Hungarian economic reform with Kadar early in 1969 when he sought clearance to proceed in March.

The Hungarians appear to have obtained Moscow's qualified approval for their reforms, although the Soviets have posed some definite

criteria for the economic reform (e.g., no heavy indebtedness to the West, no heavy unemployment or rapid inflation, and no disruptions in contracted trade with the USSR). Specific Soviet requirements regarding the proposed political changes, no doubt have been made clear to Budapest, and there has been a sudden resumption of training in the USSR for local Hungarian party officials.

For the most part the Soviets have maintained a reserved official silence on the Hungarian reform process. The closest thing to a Soviet endorsement was some vaguely worded praise by Brezhnev at the Hungarian 20th liberation anniversary in April 1970. The Hungarians have pointed to the successful completion of the five-year plan trade negotiations this fall as an indication of Soviet support for the economic reform, but the Kremlin has steered clear of specifics.

Whatever the reason for this reticence, the Hungarians know that their own margin for error is small. They have therefore made a concerted effort to improve Hungary's image in Moscow as a reliable ally. Articles in the Hungarian press expressing irritation about laudatory Western press coverage of so-called liberal trends in Hungary are directly attributable to nervousness that the Soviets might be misled about Hungarian intentions.

Budapest's concern is well founded. Moscow's acquiescence in the Hungarian political and economic reforms presupposes above all the assurance of centralized party control. It was the Czechoslovak leadership's apparent inability to control the reform process, more than any other factor, that aroused Soviet fears and doomed the Czechoslovak experiment in 1968. Despite Moscow's greater confidence in the Hungarian leadership, failure to maintain party authority in Hungary would be almost certain to spark a reaction in Moscow as hostile as that to Prague's earlier failure.

Kadar's other major external obstacle to successs in his programs is Walter Ulbricht, East

Special Report

6

6 November 1970

-4-

Germany's dogmatist in matters of ideology. Hungary's NEM is the antithesis of East Germany's centralized economic reform, in concept and in execution. Ulbricht's nagging in Moscow about Hungarian "flirtations with bourgeois parliamentarianism" and Kadar's resultant denunciations of East German interference in Hungarian domestic affairs so far have not broken into public view, but relations between the two leaders can only be described as coolly correct. Ulbricht worries about Kadar's lack of support for Pankow's policies vis-a-vis West Germany and about Hungary's eagerness to establish diplomatic relations with Bonn, East Germany's wishes notwithstanding.

Elsewhere in Eastern Europe, the Hungarian experiments are watched with more sympathy. The Poles, in particular, have shown positive interest and have openly supported various aspects of the NEM that seem relevant to their similar economic problems. Hungarian-Polish efforts in pushing for a restructuring of CEMA and their common interest in seeking normalization with Bonn have further enhanced the cooperative atmosphere. Also, Kadar's relations with the new Husak regime in Czechoslovakia have produced some examples of favorable support. Although the internal stabilization process in Czechoslovakia drastically limits the moderates' readiness to involve themselves deeply in problems outside their country, there is a conscious feeling in Prague that Kadar's tactics can be selectively applied in rebuilding the domestic order there. Moreover, the Hungarians have established close ties with their Yugoslav neighbors that the Yugoslavs themselves have described as a model they would like other Pact countries to follow.

Political Reforms: Strategy and Taeties

Kadar is convinced that Communism can thrive in Hungary as long as the right adaptations are made at the right time. His current goals appear to be to increase the efficiency and responsiveness of the system and to widen the base in meaningful popular participation in politics. His tactical approach leans heavily on partial de-

The Hungarian people would have perished long ago if its political wisdom had not succeeded in preserving it.... It is very characteristic...that by giving up the battle it has in fact consolidated its position and its opportunities in Europe...the whole existence of this people has been a series of lucid compromises and an uninterrupted meditation on its actual possibilities....

Milaly Babits, On the Hungarian Character, 1939

Developments in building ω socialist society are not attained by large seale use of force, but by eliminating antagonistic interests in the social and economic spheres, by systematically decreasing the use of force to eliminate existing differences, and by utilizing democratic forms and methods in the interest of close ecoperation on the widest possible scale with the masses of the working people.

Imre Nagy, On Communism, 1955-56

There are those who like what we are doing: others are indifferent or dislike it. Let our reputation be "the Hungarians know what they want and what they want they are able to achieve." We want socialism, Communism, progress and peace in the world. This is what we are fighting for and, according to our powers, we contribute to it. The recent stock-taking carried out by the central committee was realistic.

Janos Kadar, speech to Angyalfold Workers, Dec. 1969

centralization of political authority, a firmer adherence to legal requirements, and the legitimization of the principle of group participation (e.g., trade unions, youth groups) as a check on the often arbitrary and abusive bureaucracy.

The development of practical mechanisms for this scheme has been very difficult. Because

Special Report

- 5 -

6 'lovember 1970

25X1

the track records of other reformers (excluding Tito, who stands in a class by himself) have been unimpressive and conditions in Hungary call for some unique approaches, no one foreign model has been applicable to Kadar's problems. Moreover, Dubcek's adventure in 1968 boded ill for nationalistic experiments in Eastern Europe. The Hungarians have largely got around these problems by selectively adapting aspects of their conservative neighbors' political systems relevant to their problems, mixing them with some cautious formulas of their own. From the Poles, for example, they have taken certain concepts of decentralization and parliamentary reform.

Creating the right atmosphere to accompany the reform process has been another, considerable problem for Kadar. Too much ballyhoo could raise expectations to dangerous levels and invite foreign interference. Too little could give an academic tone to the reform, and cause it to be dismissed by the average Hungarian as meaningless. The latter danger has been acknowledged to be the more acceptable, and the party leadership has opted for a generally low-key approach. The main problem from the regime's viewpoint is convincing the public of the need for personal discipline during the sensitive reform period.

Kadar does not intend a rapid, inflexible about-face for either the political or economic system. He is a past master at judicious compromise and is willing to retard troublesome aspects of his programs that might threaten the safety of the total program either because of domestic objections or because of Soviet suspicions. Experience with the economic reform of 1968 is illustrative of the impact of Kadar's pragmatism. Although the economic reform was enacted as a package on 1 January 1970, several important elements of the NEM were not put into effect immediately because of "political considerations." The most prominent digressions from the plan were the regime's decision to hold up implementation of wage-diffe entiation and the failure to close down inefficient factories, as scheduled. Worker opposition to a change in the traditional

egalitarian pay system and to potential unemployment gave ammunition to domestic conservatives who disagreed, and still disagree, with the "concessions to capitalism" inherent in the NEM. The party leadership has patiently worked out compromises with the advocates of workers' rights and seems to have reached an understanding that will allow the preliminary introduction of wage differentiation after the tenth party congress. The issue of closing down inefficient plants, however, appears still to be unsettled.

Throughout the preparatory stages of the political reforms, the Hungarians have cautiously refused to construct an ideological model justifying their approach. They probably believe that such a move would restrict their options and invite needless attention from the high priests of Marxism-Leninism in Moscow, Pankow, and elsewhere. Their insistent denials of an intention to create "a Hungarian way to Communism" and their equally forceful commitments to "continue creative applications of the universally valid tenets of Marxism-Leninism according to local conditions" are among the anomalies resulting from the absence of a firm ideological foundation.

Electoral and Parliamentary Reform

The area in which Kadar hopes to make the most gains in obtaining deeper national involvement in the system is in public participation in the parliamentary process. To make this attractive, the regime has ordered another face lifting for the largely rubber-stamp national assembly and an electoral reform that contains aspects of genuine democratization.

Nevertheless, the changes proposed in parliament's political role so far are severely restricted. The almost total lack of legislative initiative in that body may be modified slightly, but it is fairly clear that parliament will not reassume its pre - Communist era role as supreme lawmaker. Other bodies, i.e., the Council of Ministers and

Special Report

6 November 1970

SECRET

25X1

the Presidential Council, will probably retain legislative initiative in major matters.

The party hopes to improve parliament's effectiveness in widening the scope of its authority to debate certain problems and to increase its supervision over the government. It is unlikely, however, that critical areas, such as trade, foreign policy, secret police activities, or defense policy will get more than approving nods from the legislature. At the same time, there is a good chance that parliament's authority to look into domestic consumption policies, corruption, and programs such as education, welfare, and medical services will be enhanced. Whether this investigative authority will be complemented by the power to force the government to comply with the parliament's will has not been made clear. The regime hopes that the concessions it plans will be generally viewed as an upgrading of public control worth supporting.

Another and a more solid step is the reform of the electoral system, already passed by the national assembly on 3 October 1970. Under this new system, the populace receives the right to nominate candidates to run against the list drawn up by the party for national assembly and local government seats. The scheme also provides for the eradication of the most flagrant bias of the old system; it abolishes the "negative vote" (whereby all unmarked ballots were regarded as votes for the official candidate), provides for possible party endorsement of two contending candidates, and promises that all candidates, despite their endorsement or lack of it, will have equal opportunity to use public forums in their campaigns. There are still prohibitions against the nomination of openly hostile persons, but there appears to be no internal mechanism that assures the election of an official candidate.

The party will fight actively for its endorsees, and its influence (and block of votes) still is a strong prejudicial factor in the system. If a district's voters prove adamant about nominating and supporting their own candidates, however,

there appears to be no certain means of pushing through an unpopular official candidate. This aspect of the system could eventually cause serious embarrassment to the some 20 party leaders who hold elective posts and under the electoral reform must take their records before a popular nomination system.

The regime, however, is not considering and will not countenance the creation of a cohesive or a national opposition. The popular nomination system is limited by geographical boundaries. The Hungarian Communists have not seriously contemplated a multiparty system since the 1956 revolt, and they have no intention of doing so in the foreseeable future. All candidates will have to swear allegiance to the party's policies.

State Administration

The Kadar regime has admitted and has set out to rectify some of the shortcomings of monolithic command authority vested in the central state bureaucracy. In the economy, where the defects of the system were most glaring, the Hungarians moved early, introducing the NEM in 1968. Now, partially as a result of new requirements generated by the economic reform and partly by a desire to rationalize the cumbersome and inefficient process of state administration, consistent political decentralization in the form of new local council law is to be discussed by the party congress.

"All tasks which solely concern local interests, or which can most efficiently and most economically be resolved locally should be relegated to the jurisdiction of the local councils" is the slogan behind the program. In effect, however, the party probably intends initially to restrict this authority to matters of culture and education, social welfare, and local economics. To emphasize its firm intentions, the party leadership has already taken steps to establish the economic and oolitical power base for the local councils.

Special Report

6 November 1970

SECRET

The Hungarians are keenly aware of charges that they are "playing at self-management" (Yugoslav style), but they deny that there will be any local power bases that could pre-empt general party prerogatives in forming national policy. In fact, the congress will specifically order the party apparatus to "interfere in any politically important matter irrespective of jurisdictional considerations." On the other hand, the Hungarians bridle at the suggestion that this provision negates the whole purpose of the decentralization and emphasize that the Yugoslav restrictions on the integrity of "self-managing units" in practice are not much different from what the Hungarians plan.

At the same time, the party hopes that by giving local government bodies the tools and authority to conduct local affairs it can develop an effective alternative to centralized inefficiency. Arbitrary abuses of power and protected chicanery in the present system have already caused serious criticism of "institutionalized irresponsibility," and frank warnings by party intellectuals of a deterioration of respect for the state and socialism itself are no longer taken lightly by the regime.

Intellectuals and Youth

As can be seen from events in Poland and Czechoslovakia in 1968, an East European regime's relations with intellectuals and youth are central to domestic stability. The Kadar government's recent achievements with both groups are promising, but some negative trends are building that the first secretary is moving to avoid.

Hungary's creative intelligensia in particular have been rather content with the modus vivendi achieved with the regime. There is no comprehensive censorship, regime restrictions on artistic content are fairly light, and the means of enforcement are generally limited to manipulation of material incentives, personal argumentation, and stern warnings. Imprisonment of intellectuals for dissent is all but unheard of: the most recent

known case, in 1964, involved charges of subversive activities by the Chinese Communist Embassy—and the Hungarians pride themselves on avoiding the "Asiatic" cultural controls employed by the Soviets. Kadar's promise to fight hostile ideas but not the people espousing them lies at the core of this pragmatic policy for winning the cooperation of the nation's intelligentsia.

This is not to deny that there are still underlying frictions in relations with the intellectuals. For one thing, the early granting of relative freedom to the intellectuals has brought them much closer to the limits of permissiveness than any other sector of society. As a result, the party congress reform package contains no new concessions for the intellectuals and, in fact, shows evidence of an attempt to consolidate the regime's hold over them by introducing a new propaganda concept, that of the "socialist champica," with suitably ideological criteria for judging cultural products.

Hungarian writers have quietly countered by pushing a scheme for freeing themselves from the grip of centrally formed policies. An unprecedented influx of once hostile liberals into the

INTERROGATION

behind the door
they are plotting our lives
we don't even know the questions
we try to pass off answers
memorized beforehand
anxiety
beads our faces
solitude of minus 273 degrees
maybe our turn will come soon
before the granite
slabs of waiting
topple and crush us

Sandor Rakı)s (newly elected member of Hungarian Writers Union Steering Committee)

Special Report

- 8 -

25X1

Writers' Union hierarchy at its congress last spring has created an unusual degree of unity behind the intellectuals' drive for a "new cultural mechanism." Orthodox critics have sent up a howl of public protest decrying the low state of ideological purity and the "uncritical acceptance of Western ideas" in the cultural community. Kadar has refused, so far, to take sides in the squabble and hopes to avoid open ruptures on the issue because factional infighting in Hungary could spread rapidly and uncontrollably beyond the dispute's original limits.

Hungarian youth have been so quiescent in the past decade that they have hardly figured at all in the regime's daily considerations. For young people, overt political activity has largely been limited to torpid demonstrations organized by the party's front organization, The Communist Youth League (KISz). Infrequent antiregime activity has been squelched by the regime's secret police through their effective network of informants. Furthermore, Kadar's permissive attitudes toward the emulation of innocent Western fads have provided a useful means of allowing the young people safely to blow off steam.

in this atmosphere young people have iargely turned their attentions toward individual geals, participating in "required" political activities out of cynical self-interest but avoiding any real identification with the regime and its aims. The party leadership, lulled by the ability of KISz to create satisfactory demonstrations of youth support, had largely left the formulation of youth policy to second-rate party hacks. The student disturbances that swept through Poland, Czechoslovakia, and East Germany in 1968, however, caused the Hungarian leadership to review its policies. Proceeding from detailed samplings of youth opinion, a study made by the regime found that the situation was not quite as benign as it had assumed.

Widespread dissociation from the regime and its goals, deep pessimism over the nation's future possibilities, and dissatisfaction with the forma-

tion of long-range policy without reference to youth's aspirations were some of the findings of the study. After a brief flurry of finger-pointing and mutual recriminations, the party announced a detailed program that was to prepare a new youth policy. The first step was the sacking of the old KISz leaders and the breaking of that organization's monopoly of authority in youth affairs. A nationwide canvas of all state, party, and front groups for suggested reforms of youth policy was undertaken, and these are to be discussed at the party congress. Another step taken was the preraration of a "youth constitution" (similar to East Germany's) aimed at detailing in a legal document the responsibilities of the various units of society to young people, as well as the duties and rights of the country's youth.

The party also has promised young people more opportunities to rise to leading positions. It has stressed its sincerity by opening its ranks to 18-year-olds for the first time. It has undertaken some changes in the administration of higher education, granting university administrations and students more authority to deal with their campus problems. It has also promised 'to remedy some of the social ills influencing young people's attitudes.

Legal Structure and the Police

The question of legality in Hungary is emotion laden, because any discussion of the topic inevitably leads backward to the Stalinist terror and the gross illegalities accompanying it. One of Kadar's most galling failures has been his inability to find a suitable means of rationalizing the events of the Stalin era. All of Kadar's amnesties, exonerations, and symbolic honoring of the victims have not and cannot erase the shameful memory of the degradation of the whole nation that supplied cheering ranks for senseless executions, tortures, and imprisonments. Moreover, events outside Kadar's control, such as the intervention in Czechoslovakia and the anti-Semitic purge in Poland during 1968-69, renew tensions and suspicions, forcing Kadar constantly to revive his assurances.

Special Report

-9-

Because Kadar cannot conclusively rid himself of this problem by any other means, he has opted for some institutional guarantees. Although denying any intention to instill artificial "legalistic" inhibitions on the power of the party, he has gradually turned to the law as a means of diluting the arbitrariness of state power. For example, although the "new" passport law passed in 1970 is little more than a public codification of once-secret administrative decisions, it contains the significant addition of a right to obtain a written statement of the reason for being refused a passport and the establishment of a process for appeal of the initial decision. The law contains no airtight assurances of freedom to travel, but it does make it more difficult for the police arbitrarily to reject passport applications.

Similar qualitative reforms are scheduled in legal administration. Changes upgrading the procedural rights of defense counsels have been proposed, as has a review of the unnecessarily complicated (and prejudicial) organization of the court structure. There is also a discernible movement to decrease the number of "political crimes" that should be dealt with as misdemeanors punished by fine.

Another central issue is the role and authority of the secret police. Since Kadar came to power, he has extended party control ovar that once-autonomous and all-powerful body. Abuse by the secret police of its extralegal powers has been slowly restricted, but until early 1970 there had not been any serious official questioning of the powers themselves. In January 1970, however, Interior Minister Andras Benkei announced his office's dissatisfaction with the effects of this unique authority. Benkei complained that the police are often used as final arbiters of disputes in which no illegality is even suspected and which in many cases are simple failures of officials to work out their own problems. He announced administrative decisions within the ministry airned at checking such proceedings and asked for a clear codification of his ministry's duties vis-a-vis other government ministries. Furthermore, Benkei specifically asked that certain, unspecified duties that more properly belong to other ministries be specifically deleted from his charter.

As a practical political program, the changes requested by Benkei have not received much public exposure since their announcement. There are very delicate secondary effects of such a program—not the least of which is the Soviet attitude toward any weakening of the power of the secret police—and it is not likely that the party will push these changes while other aspects of the domestic reforms still present some potential for internal disruption.

Constitutional Reform

A central issue of political reform in Hungary is modernization of the constitution. This involves more than just semantics. The old constitution, a relic of the Stalinist period, is sadly lacking in any serious relationship to present-day realities. The party's role is obscured by the conspiratorial, underground psychology of the old constitution's drafters, and the rights and duties of the citizenry are less than clear.

Although it can be argued that constitutions have little practical importance in Communist countries, Kadar nevertheless sees a new constitution as a basic prop for his reform programs. Up to now, his continuous assurances of an intention to eradicate Stalinism have not been popularly considered a serviceable guarantee of the future. Furthermore, disparities between the letter of the constitution and the bureaucracy's practice hinder the regime's ability to establish credibility among a wary population. Kadar need a realistic constitution—one that more accurately reflects the political realities in terms of legitimizing the present power structure, and at the same time provides a basis for developing reforms.

The Tenth Party Congress

Kadar controls the party leadership, but this does not mean that he is always able to reconcile

Special Report

- 10 -

25X1

differences within the party or in every instance to get the party apparatus to do his bidding. Conservatives in the lower- and middle-level hierarchies still oppose the more liberal aspects of his programs and are quite skillful at using bureaucratic means to muddy the party leadership's original intentions. Their numerical and organizational strength is not known, but the conservatives have been powerful enough to bring their objections to bear against Kadar on the floor of past party congresses. There has been evidence of similar conservative dissent during the preparations for the tenth party congress.

A furor among party rank and file over declining party influence, at least so described in the conservative-oriented trade-union journal, is the latest overt pegpoint for attacks on leadership policies. The journal contends that party members are losing their prestige in their places of work because of the increased authority of local management, and it complains of a widespread "lack of respect" for party members. The attack used some of the hard-line jargon seen in Czechoslovakia during the recent purges. To dramatize the case, it charged the existence of a "moral terror...against those in the party who should speak out."

The appearance of such a diatribe in the official trade-union journal suggests that Sandor Gaspar, the head of the trade-union council and a member of the party politburo, may be one of the leaders of the opposition. The Communists in the trade-union movement and particularly in the leadership positions appear to be trying to get the support of workers who are apprehensive about inflation and possible unemployment. Regime leaders have countered, promising that the tenth party congress will adopt "a grand social program," including better wages and living conditions.

Aside from expected minor factional infighting, the congress will have the traditional duties of praising the past, explaining the present, and planning the future. The economic reform pro-

gram will be cautiously extended into new areas, the political reform will be adopted, and party personnel and administrative policies for the next four years will be set.

A new cadre policy will involve some thorny problems. Kadar always insisted on "maintaining the stability of leading organs" as a key in his efforts to preserve domestic order. This policy has succeeded, but perhaps a little too well. Party leaders from the central committee on up are fairly balanced in terms of social and political roles, and their average age is in the early fifties. But there is attitudinal isolation between this group and the 20-25 percent of the people who have grown to maturity in postrevolt Hungary. The Kadar regime has failed to elevate a single party member from the postrevolt generation to a policy-making post. Furthermore, the presence of honorary central committee members in their dotage exacerbates the frustrated ambition of the generation in waiting, particularly in view of the fact that this better educated young generation has assumed many responsible administrative posts in the economy, government service, and even in the local party apparatuses.

Because Kadar's past personnel policies have not precluded an average 20 to 25 percent turnover in the central committee, it is expected that many of the 20-odd openings resulting from the upcoming congress will be filled by members of this so-far-unrecognized generation. It is doubtful, however, that many young people will emerge in policy-making positions in the politburo or secretariat.

There are also compelling administrative reasons that recommend an injection of new talent into the party leadership. Kadar's intention of reorienting local party work away from detailed daily interference in routine local government and factory matters will run against the grain of old-timers who are either incapable or unwilling to adapt. Under the new requirement, a more sophisticated party presence will be expected, and in many cases new blood will be necessary to carry out the changes.

Special Report

- 11 -

25X1



These two photos, taken a year apart in May 1969 and April 1970, demonstrate the heavy toll that Kadar's duties take on his health. He seems to snap back from periods of excessive fatigue after a suitable rest but the rests are becoming more common. Kadar's succession may present an important underground issue at the tenth party congress.



There will not be many high-level party personnel changes at the congress. Age and failing health may force the retirement of the 60-yearold Foreign Minister Peter, which would also result in his replacement on the central committee. Gyula Kallai, president of the national assembly and politburo member, has also reached the legal retirement age, and his political eclipse probably will be accelerated by Kadar's desire to revamp parliament's image. Politburo members Dezso Nemes and Antal Apro are, respectively, over or near the retirement age, but their status as the leadership's symbol of continuity from the 1940s might recommend continued tenure, particularly inasmuch as the two wield only ceremonial authority. Other shuffles might occur among those party leaders entrusted with responsibilities in such chronic problem areas as internal trade and construction, but these changes would cause few policy problems.

There is a chance that the 58-year-old Kadar will make some slight reference intended to clarify the problem of succession to himself. Af-

ter the ninth congress the two front-runners were party secretaries Bela Biszku and Zoltan Komocsin. Since that time, however, there have been persistent rumors that Karoly Nemeth, Budapest city party boss, has been tapped for eventual succession to Kadar's mantle. Kadar's health is not robust (he takes periodic rests of two to three weeks' duration and is rumored to have a nervous condition), and there already have



Karoly Nemeth, currently an alternate Politburo member and party boss of Budapest, is a new, but promising, candidate for eventual succession to Kadar.

Special Report

6 November 1970

SECRET

been some hints that he should delegate more of his authority. Beyond clarifying Nemeth's position, Kadar is unlikely to open any succession sweepstakes, to concede any of his authority, or to take any other steps that could lead to instability.

Outlook

Kadar's chances for a successful, gradual political reform are better than even for the short run. He is better armed than most other leaders in Eastern Europe with pracise data concerning the nation's problems. He has enlisted and received the cooperation of the most important segments of society in finding solutions and setting out on

this new tack. As a result, the program will receive at least a modicum of popular support. Nevertheless, small as the scope of the reform seems from Western eyes, from a Hungarian point of view it will, if successful, denote the first major move to create a modern Hungarian state that is not merely an appendage of the USSR. If there is a subliminal message inherent in Kadar's programs that make them salable to the public, this is it. In the long run, however, the very idea that is so attractive to Hungarians may prove to be more than the Soviets could tolerate. Indeed, if the political reforms were carried some day to their logical conclusion, it would be more than Kadar could tolerate. In the meantime, a cautious Magyarization of Communism will be under way.

25X1

Special Report

- 13 -